

# Your Retirement System Choice

## Public Employees' Retirement System (PERS) OR Sheriffs' Retirement System (SRS)

As a detention officer and member of the PERS on July 1, 2005, you have the opportunity to elect to:

1. Remain a member of the PERS or
2. Become a member of the SRS.

It is important that you make the best decision for your personal circumstances.

This packet contains the following information to help you select your retirement system:

1. A Decision Chart
2. Retirement Systems Comparison Chart
3. Things to Consider
4. Frequently Asked Questions
5. Cost Examples to Transfer PERS service to SRS
6. Workshop Schedule
7. Election Form

Your election to remain in the PERS or become a member of the SRS must be filed with the Montana Public Employees' Retirement Administration (MPERA) before May 1, 2006.

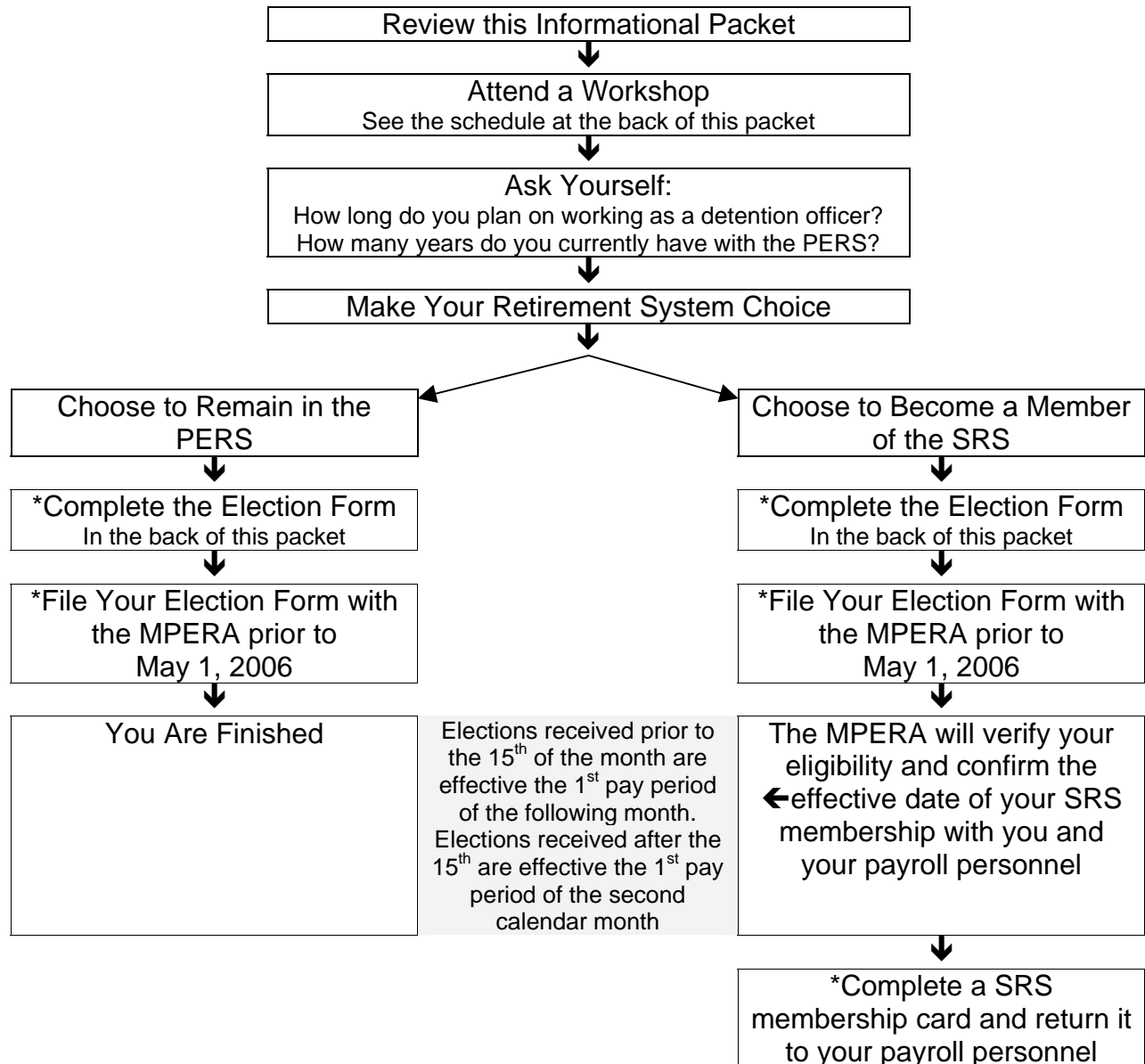
We encourage you to take the necessary time to study this material and attend a workshop before making your decision. The workshops will last approximately 1 ½ hours. The primary purposes of the workshops are to:

1. Describe, in detail, the two retirement systems
2. Provide an interactive, in-person opportunity to ask questions
3. Enhance and supplement this written packet.

A workshop schedule is in this packet and posted at the MPERA website:  
[www.MPERA.mt.gov](http://www.MPERA.mt.gov).

## Decision Chart

The following chart contains guidelines for making your retirement system choice.  
Asterisks (\*) indicate required action.



### SECONDARY DECISION: WHAT TO DO WITH YOUR PERS ACCOUNT

Once you are reported to the SRS, the MPERA will notify you. You may then request specific information regarding your PERS account options.

## Retirement Systems Comparison Chart

<b>Provision</b>	<b>PERS</b>	<b>SRS</b>
<b>Your Current Employee Contributions</b>  Pre-tax from each paycheck	6.9% of compensation	9.245% of compensation
<b>Vesting Period</b>  Entitles you to a monthly retirement benefit upon meeting eligibility requirements	5 years of PERS service	5 years of SRS service
<b>Full Service Retirement Eligibility</b>  When you may first receive an unreduced monthly retirement benefit	30 years of PERS service, regardless of age  60 years old with 5 years of PERS service  65 years old, regardless of years of PERS service	20 years of SRS service, regardless of age
<b>Full Service Retirement Benefit</b>  The formula that calculates your initial monthly retirement benefit	1.7857% X Highest Average Compensation (HAC) X years of PERS service (5 – 24 years of PERS service)  2% X Highest Average Compensation (HAC) X years of PERS service (25 or more years of PERS service)	2.5% X Highest Average Compensation (HAC) X years of SRS service
<b>Early Retirement Eligibility</b>  When or if you may retire before full service retirement	25 years of PERS service, regardless of age  50 years old with at least 5 years of PERS service	50 years old with at least 5 years of SRS service
<b>Early Retirement Benefit</b>  The formula that calculates your initial monthly retirement benefit if you are eligible and retire before full service retirement	1.7857% or 2% X HAC X years of PERS service <u>X an early retirement factor*</u>  *The early retirement factors are based on age or years of PERS service. A factor chart is in the PERS member handbook and is available at <a href="http://www.MPERA.mt.gov">www.MPERA.mt.gov</a> .	2.5% X HAC X years of SRS service <u>X an early retirement factor*</u>  *The early retirement factors are based on age or years of SRS service. A factor chart is in the SRS member handbook and is available at <a href="http://www.MPERA.mt.gov">www.MPERA.mt.gov</a> .

## Retirement Systems Comparison Chart

<b>Provision</b>	<b>PERS</b>	<b>SRS</b>
<p>Disability Retirement Eligibility</p> <p>When or if you may retire if disabled</p>	<p>If you are:</p> <ul style="list-style-type: none"> <li>➤ vested</li> <li>➤ your disability occurs during active membership</li> <li>➤ your disability is permanent</li> <li>➤ your disability prevents you from doing your job</li> <li>➤ the Board approves your disability</li> </ul>	<p>The same as the PERS</p>
<p>Disability Retirement Benefit</p> <p>How a disability benefit is determined</p>	<p>1.7857% or 2% X HAC X years of PERS service</p>	<p>Disabled in the line of duty:</p> <ul style="list-style-type: none"> <li>➤ No less than one-half of your HAC</li> </ul> <p>Disabled, not in the line of duty:</p> <ul style="list-style-type: none"> <li>➤ The actuarial equivalent of the accrued service retirement benefit when the disability occurred</li> </ul>
<p>Benefit Increases</p> <p>What benefit increases are available</p>	<p>3% Guaranteed Annual Benefit Adjustment (GABA)</p> <p>Occurs with the January benefit after you have been retired for 12 months</p>	<p>The same as the PERS</p>
<p>Benefit Payment Options</p> <p>Possible continuing benefits to a survivor</p>	<p>Option 1: A monthly benefit for your lifetime only</p> <p>Option 2: A reduced monthly benefit for your lifetime. When you die, your survivor receives the same amount for his or her lifetime</p> <p>Option 3: A reduced monthly benefit for your lifetime. When you die, your survivor receives one-half the amount for his or her lifetime</p> <p>Option 4: A monthly benefit for your lifetime. If you die before a designated period (10 or 20 years), your survivor(s) receives a benefit for the remainder of the period.</p>	<p>The same as the PERS</p>

## Things to Consider

- How long do you plan on working as a detention officer?
- How many years do you currently have with the PERS?
- Do you anticipate terminating or retiring in the next few years?
- Is there a possibility that you will move to another PERS covered position?
- If you were to move to another PERS covered position, would the position be at a higher compensation and, consequently, result in a better PERS benefit?
- Is there a possibility that you will move to another SRS covered position?
- If you were to move to another SRS covered position, would the position be at a higher compensation and, consequently, result in a better SRS benefit?
- If you elect SRS membership and wish to transfer your PERS service to the SRS, can you afford it? How long will it take to recover the cost?
- Are you prepared to pay the higher SRS contribution rate?
- Do or will you have other retirement income?
- Does your spouse have retirement income?
- How much income will you need in retirement? How well does the benefit in either system meet your retirement income needs?

## PERS and SRS Benefit Formula Examples – Option 1

**PERS:** The member has 30 years of service and is eligible for service retirement. The members' highest average compensation (HAC) is \$2,500 per month.

The PERS initial monthly benefit is:  
 $2\% \times \$2,500 \times 30 = \$1,500$  (gross amount)

**SRS:** The member has 20 years of service and is eligible for service retirement. The members' highest average compensation (HAC) is also \$2,500 per month.

The SRS initial monthly benefit is:  
 $2.5\% \times \$2,500 \times 20 = \$1,250$  (gross amount)

If the member works an additional 10 years in an SRS-covered position (same time as in a PERS-covered position), the SRS initial monthly benefit is:

$2.5\% \times \$2,500 \times 30 = \$1,875$  (gross amount)

## Frequently Asked Questions

**Q1: Must I attend a workshop to make my election?**

A1: No. However the MPERA encourages you to attend a workshop so you understand both retirement systems and can make a fully informed decision.

**Q2: If I elect to become a member of the SRS, can I withdraw my money from the PERS?**

A2: No. According to Internal Revenue Code regulations that govern qualified retirement plans, you are working at the “same desk”, i.e. same job. You have not terminated from service and are not eligible to withdraw your contributions.

**Q3: Then what happens to the money in my PERS account?**

A3: The money remains in your PERS account. When you terminate from service **or** become eligible to retire under the SRS, you may withdraw the money from your PERS account **or**, if eligible, receive a benefit from the PERS based upon the PERS formula.

**Q4: Can I transfer the money in my PERS account to the SRS?**

A4: Yes. You may transfer your entire PERS account to the SRS.

**Q5: If I transfer my PERS account to the SRS, will I receive the same years of service in the SRS as I had in the PERS.**

A5: No. Because the two retirement systems are different, the service you have in the PERS will not provide equal service in the SRS. If you wish to transfer your PERS account to the SRS, you have two options:

- 1) accept proportional service in the SRS; or
- 2) pay the out-of-pocket balance due to receive equal SRS service.

**Q6: How do I find out how many years of service in the SRS I will receive for my PERS account or my out-of-pocket cost to receive equal years of SRS service?**

A6: After the MPERA notifies you that you have been reported to the SRS, you may send a written request with your name, social security number and home address to the MPERA. You may mail your request to: MPERA, PO Box 200131, Helena, MT 59620-0131 or send it via e-mail to: [MPERA@mt.gov](mailto:MPERA@mt.gov). Allow 4 – 6 weeks for processing. You will receive a written response at your home address.

**Q7: Is there ballpark figure for the out-of-pocket cost required to receive equal SRS service?**

A7: No. The out-of-pocket cost varies depending upon numerous factors including your age, years of PERS service and time until retirement. Each circumstance is individual and unique. Please see the following page for examples.

## Examples of Cost to Transfer PERS Service to the SRS

The following are **examples only**. Your individual cost will be different.

Years of PERS Service	Member's Age	Member's Annual Salary	Out-of-Pocket Cost to Receive SRS Service Equal to PERS Service	Out-of-Pocket Cost to Receive <u>Approximately</u> One-Half of PERS Service in the SRS
5 months	46	\$30,200	\$0	\$0 for approx. 3 months
5 months	36	\$30,200	\$111	\$0 for approx. 3 months
5 months	26	\$30,200	\$238	\$0 for approx. 3 months
1 year 1 month	53	\$19,000	\$530	\$0 for approx. 7 months
1 year 1 month	43	\$19,000	\$10	\$0 for approx. 7 months
1 year 1 month	33	\$19,000	\$70	\$0 for approx. 7 months
1 year 1 month	23	\$19,000	\$530	\$0 for approx. 7 months
5 years	58	\$30,000	\$9,806	\$0 for approx. 2 yrs/6 mo
5 years	48	\$30,000	\$3,416	\$0 for approx. 2 yrs/6 mo
5 years	38	\$30,000	\$7,016	\$0 for approx. 2 yrs/6 mo
5 years	28	\$30,000	\$8,666	\$0 for approx. 2 yr/s6 mo
10 years	58	\$30,000	\$20,880	\$500 for approx. 5 yrs
10 years	48	\$30,000	\$20,790	\$1,450 for approx. 5 yrs
10 years	38	\$30,000	\$26,730	\$4,400 for approx. 5 yrs
10 years	28	\$30,000	\$31,230	\$6,650 for approx. 5 yrs
15 years	60	\$28,000	\$35,000	\$1,000 for approx. 7 yrs/6 mo
15 years	55	\$28,000	\$44,073	\$5,500 for approx. 7 yrs/6 mo
15 years	45	\$28,000	\$53,873	\$10,400 for approx. 7 yrs/6 mo
15 years	35	\$28,000	\$58,913	\$12,895 for approx. 7 yrs/6mo
15 years	60	\$38,000	\$48,326	\$16,200 for approx. 7 yrs/6 mo
15 years	55	\$38,000	\$60,676	\$22,000 for approx. 7 yrs/6 mo
15 years	45	\$38,000	\$73,976	\$29,000 for approx. 7 yrs/6 mo
15 years	35	\$38,000	\$80,816	\$32,400 for approx. 7 yrs/6 mo

✓ The above figures were determined by applying 100% of the employee's and the allowable employer's accumulated PERS contributions.

✓ A member who is younger may pay more to receive SRS service equal to his or her PERS service because he or she may retire earlier and receive a benefit for a longer period of time.

# Workshop Schedule

Workshops are scheduled in central locations/counties\*. You are welcome to attend any workshop that fits your schedule.

*Counties	Date	Time(s)	Location	Address
Ravalli Granite	Tuesday September 13	8:30 a.m.	Courthouse Elections Room	205 Bedford St Suite I Hamilton
Dawson Richland Sheridan Fallon Roosevelt	Tuesday September 27	8:30 a.m. or 4:30 p.m.	Dawson County Correctional Facility Training Room	440 Colorado Blvd Glendive
Custer Rosebud Fallon	Wednesday September 28	2:00 p.m.	Custer County Jail EOC Room	1010 Main St Miles City
Lewis & Clark Broadwater Jefferson	Tuesday October 4  Wednesday October 5	7:00 p.m.  7:00 p.m.	Law Enforcement Center Basement Operations Room	221 Breckenridge Helena
Yellowstone Big Horn	Wednesday October 12	9:00 a.m. or 1:00 p.m. or 3:30 p.m.	Yellowstone County Detention Center Courtroom – off the lobby	3165 King Ave E Billings
Pondera Toole Glacier	Wednesday October 19	3:00 p.m.	EOC Room or Jury Room	20 4 <sup>th</sup> Ave SW Conrad
Butte-Silver Bow Deer Lodge Beaverhead	Thursday October 27	1:30 p.m.	Law Enforcement Center Meeting Room	225 N Alaska Butte
Cascade	Wednesday November 2  Thursday November 3	7:00 p.m.  7:00 a.m.	Correctional Facility Training Room	3800 Ulm N Frontage Great Falls
Fergus Wheatland	Thursday November 3	2:00 p.m.	Correctional Facility Meeting Room	125 8 <sup>th</sup> Ave S Lewistown
Gallatin Park	Tuesday November 8  Wednesday November 9	2:00 p.m.  3:00 p.m.	1 <sup>st</sup> Interstate Bank Downtown Conference Room	208 E Main Bozeman
Flathead Lake Lincoln	Wednesday November 16  Thursday November 17	2:00 p.m.  3:00 p.m.	Justice Building Meeting Room	800 S Main Kalispell
Hill Blaine Valley Choteau	TBA	TBA	TBA	TBA
Missoula Mineral Sanders	TBA	TBA	TBA	TBA